LETTER

OF

MR. JOHN ROACH

TO THE

Postmaster-General,

SUGGESTING THE EXPERIMENT OF

ADVERTISING FOR PROPOSALS OF THE LOWEST RATES

FOR THE

TRANSPORTATION OF THE UNITED STATES MAILS

At which the Merchants and Capitalists

OF

BOSTON, NEW YORK, PHILADELPHIA, BALTIMORE, AND NEW ORLEANS

WILL ESTABLISH AND MAINTAIN

AMERICAN STEAMSHIP LINES

FROM THOSE CITIES TO

EUROPEAN PORTS.

GIBSON BROTHERS, PRINTERS.

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To the Honorable Marshall Jewell,

Postmaster-General of the United States:

Sir: In common with all who desire the restoration of our national prosperity, I have watched with deep interest the various efforts which you have made and are making to increase the efficiency of our postal service.

The relations of fast mail service to more rapid commercial intercommunication.

The entire community comprehend, more or less perfectly, according to the degree of attention they have given the subject, the benefits to be derived from greater speed of postal transfers between different sections, and the consequent increased rapidity and certainty of our commercial exchanges. It is through precisely this process that, from year to year, the commerce, as well as the productive industries, of the present, have been relieved of the heaviest burdens of cost, waste and uncertainty which were borne by, and which for so many ages dwarfed, the commerce of the past.

That you have mastered the problem of the intimate and inseparable connection between rapid postal communication and extended freight transfers, I cannot doubt; and your interviews with railway managers and other practical men, in elaborating your plans for the fast mail service, must have also afforded you abundant data as to the difference of cost between railway transfers at a low and at relatively higher rates of speed.

The knowledge, foresight and enterprise which you have exhibited, encourage me to address you at this time on another, and, to my mind, the broader and more important branch of the same great subject.

The same rule applies to ocean mails and to ocean commerce.

However vast and complete our system of internal communication and transportation may be made, its highest benefits cannot be reaped by our people unless it shall be placed in the fullest and most perfect connection and reciprocity with the world-wide and hourly-growing system which unites the nations to-day in one commercial family.

For my own part, I long to see the principle which underlies the success of our fast mail and freight service by

land applied with equal or superior vigor to our ocean-crossing postal and transportation service; and I do not at all hesitate in making the broad assertion that this can be well and adequately done, by the enterprise and energy of our own, the American, people.

But it must come to America from American and not foreign steamships.

To no nation on the earth has any such boon ever come from the hands of foreigners, and even when it has seemed to be so conferred in some measure, the partial and deceptive gift has been the price of a tribute whose burden would not be endured for a moment if its existence were clearly known and understood.

While the relation of rapid communication to commercially successful transportation between points which are separated by oceanic transits is to the fullest extent as close as in corresponding railway systems on land, the ratio of cost to speed is much greater in the former case than in the latter, for many reasons; and this fact, conjoined with the greater supposed risk to capital invested, has had much to do with the tardiness displayed by our merchants at the present time in grappling with the inevitable task before them.

The American people are willing to pay for establishing American steamship lines, which once established would take care of themselves.

That the people as a whole are abundantly willing to pay the increased cost of the fast mails by land; that, in fact, they could not and would not consent to dispense with them, has been fully demonstrated, and I am satisfied that they would render as prompt and intelligent an assent to a similarly profitable investment in an ocean postal service, provided they were well assured that it was the increased speed and service, and these only, for which they were taxed.

If, at the same time, the expenditures required for such a service were to be so judiciously employed, as has been done by the statesmen of England, France, and other countries, that the employment furnished should stimulate private enterprise to the creation anew of our ruined merchant marine, I think it would be easy to show that the outlay, though for a specific and sufficient object, would sink into insignificance in comparison with this collateral advantage.

If I venture to urge this feature of the question somewhat persistently, it is because I am sure that an examina-

tion of the subject will convince any intelligent man that there was never a better time than the present for the swift recovery of all, and more than all we have lost, of our former position among ship-building and ship-owning nations.

The present time is favorable for building American ships.

We need but glance at our unfortunate situation at the close of the war. Our old merchant fleets, of which we were so proud, were all gone. A revolution had taken place in the very science and art of building ships. Wood had given place to iron; the side-wheel to the propeller; the ordinary engines to the compound; and from all the experience, the uses, and the results of this revolution, the long years of our civil strife had shut us out. We had no ship-yards, no skilled labor, accustomed to the creation of the new order of sea-going vessels.

The war destroyed our ships. During the war, wood gave place to iron, side-wheels to propellers; ship-yards and skilled labor disappeared; foreign nations built the ships and seized all our carrying trade.

The cost of everything which entered into the construction of ships had also become so high with us, as compared with other nations, that we were thereby shut out from successful competition, either in building or in maintaining and running them. The revolution in the carrying business on the ocean had been as great as that upon the land when the railroad took the place of the coach and the wagon; and in both cases independent individual enterprises had to be superseded by great corporate or partnership undertakings, with large concentrated capital; in many cases also directed and assisted by the Government. To these great changes in ocean navigation we had not adapted ourselves.

As a consequence, European enterprise, availing itself of our calamity, seemed to have seized the whole field offered by the disappearance of the American flag from the sea, and occupied it so fully that there seemed no crevice left for the wedge of American enterprise to enter.

Ten years have now gone by, since then, and in many respects there has come a most significant and promising change.

But in ten years since the war a change has come.

We now have the ship-yards, the foundries, the mechanical appliances, in ample provision and with unlimited capacity for rapid multiplication and increase. We have the skilled labor, temporarily and compulsorily idle, but seeking and anxious for employment; we have the raw material, of a quality superior to that controlled by any other people, and which we can now produce and utilize as cheaply, to say the least, as can be done elsewhere on the earth.

We now have the yards, cheap material and labor, and can again cover the ocean with our ships if we can get a start.

We have, therefore, in the progress of our maritime history, reached a point where we are once more able, as in times gone by, to place upon the water such ships as the commerce of the present calls for, equal in all respects, not only in quality and character, but, as well, in their cost and the time required to build them, to those which any other people are able to float beside them.

This mighty stride has been made by the energy and enterprise of our people, under very adverse circumstances. Every step of the way has been watched with the most intense and bitter jealousy by foreign ship-builders and their correspondents, agents, and sympathizers in this country, while at the same time the one enterprise which was open for the development of our shipping interest has been largely under the pernicious and paralyzing control of stock-gamblers and speculators.

The question will probably suggest itself here, "Why, "then, if this be true, and the American ship-building "interest has indeed reached such a pitch of development, "does it not at once step forward and rescue from foreign "flags our ocean steam marine?"

But ship-builders are not ship-owners, and the capital of the latter will come forward slowly.

The question may seem pertinent, but it is not. The ship-building power and the ship-owning and employing power are by no means identical. They have, indeed, never been as intimately connected in this country as in some others; as they are to-day in Great Britain, for example.

What I have described as our present position has been achieved by individual effort, sufficient for the work attempted, but inadequate to an achievement which may well appeal to the strength of the united mercantile community. That which has been already done has not called for the employment of such an aggregation of capital, of wisdom, and of energy, as will be indispensable in any attempt at wrestling with the accumulated financial and commercial strength which has been absorbed by and sustains the present foreign control of our ocean carrying trade.

It is precisely for the purpose of suggesting a method for creating such an aggregation, of calling together for united effort the now inert but abundant elements of such a power, that I have taken the liberty of thus addressing you.

Capital is proverbially timid, and capitalists are slow to

venture in new and untried ways. History teaches us that the very nations who now monopolize this field, when they arrived at the point of development at which we now find ourselves, were compelled to deal with the same inertness and apparent indifference of their own merchants.

The carrying of ocean mails was made in every case the lever by which the encouragement and help of the nation as a whole was applied in aid of the particular interest to whose management the well-being of the Commonwealth in this regard must of necessity be committed. I send you herewith an English publication, recording the views and action of the ablest statesmen of Great Britain, which presents the most convincing proofs that the present commanding position of the British steam marine on the North Atlantic and Pacific oceans has been the direct result of wisely employing the postal service as a stimulant to private and corporate enterprise in its beginning. The adoption of a similar policy on the part of our own statesmen and leaders is all that any American should ask, and it is all that would be required for the accomplishment of the end in view.

It must be induced to come forward by the moneys paid by the Government for carrying ocean mails.

Indifference to the welfare of our commerce is by no means in accordance with our traditional policy as a people, nor do I believe that any such indifference really exists. As bearing upon this point I may cite the persistent and intelligent refusal of Congress to repeal our navigation laws, as desired by some well-meaning citizens under the mistaken impression that the failure of our merchants to provide themselves with ships was due to the greater cost of construction here than abroad. The inaction of our merchants now, when ships can be cheaply built in America, exposes this fallacy, if it needed any exposure, and it cannot be doubted that the operation of the laws against foreign ships in our coasting trade or under our flag has been eminently beneficial to the nation. Had this protection and encouragement to home-built ships been removed by repeal, four years ago, we should not be in the advantageous position we occupy to-day.

Buying foreign ships will not answer; it is not a question of construction, but of profitable running of the ships after construction.

Nor should we lose sight in this connection of the fact that the premium on gold, during all this time, has of itself been such a disadvantage that the several measures

American capital would not buy foreign ships.

hinted at would not have added one single ship, under the American flag, to any American port. There was no time between 1861 and 1873 when the freest of "free-ship" laws would have been of any practical use to us, since the premium on gold during those years would have forced our merchants to pay, in buying foreign-built ships, an average price of 40 per cent. more for every keel than would have been paid by the very Englishmen and other European shipmasters with whom they would have been compelled to compete in trade. Moreover, the entire spare capital of the nation was invested in its own bonds, whose holders, whether merchants or others, had entire faith in the ultimate attainment of a par gold value for these expressions of the national good faith. It was no temptation to any man, who held bonds or money to buy them with, to turn money or bonds into foreign-built ships at a loss of 40 per cent. as compared with his European rival, and to run them at so great a forced disadvantage, when he believed that time would surely put that very 40 per cent., more or less, in his own pocket, without risk and without further exertion on his part. In all the markets of the world, therefore, our merchants would have been at the mercy of their competitors, no matter what amount of "drawback" or so-called "freedom," might have been accorded them by statute law.

Besides, the ship is all labor, which should be employed at home.

That indifference to commercial interests can only be regarded as a fruit of narrowness and ignorance, would seem to require no argument; but in these days, when the "labor-question" is coming into such special prominence, it may be well to bear in mind that a ship, or the figures which express its value, is pre-eminently an aggregation of human toil. There are no less than forty distinct branches of mechanical art, involving both skill and capital, engaged in the several processes whose products enter into the construction of a steamship. The work of building her began with the hewing the timber in the forest and digging the ore in the mine, and when completed, the raw material represents but five per cent. of her cost, and the other ninety-five per cent. is the price of the labor employed in bringing it together in floating form. The variety and volume of employment which would be supplied to classes of men

Forty trades go to make a ship.

Only 5 per ct. is raw material; 95 per ct. is labor.

who to-day stand much in need of it, by creating an active demand for ships, can hardly be over-estimated.

Her gross earnings are 40 per ct. of her cost, which should be kept at home.

Nor should it be lost sight of that the yearly cost of maintaining, providing, repairing, and running a ship in active service is so great, that her gross earnings must equal forty per cent. per annum on her cost, the larger part of which outlay must inevitably go to the country under whose flag she sails and by whose merchants she is owned.

150 foreign steamships, worth $90,000,000, now run to New York alone.

The number of foreign steamships now running to the port of New York alone is about 150, worth at the least calculation $90,000,000. All of these represent foreign labor and capital, but the trade which supports them is largely American, and their gross receipts are a tax and charge upon American productive industry, by far the greater proportion finding their way, in gold or its equivalent, into other pockets than our own.

Their freights and passengers in 1872 were $75,000,000, all paid to foreigners — more than all our coin interest sent abroad.

These steamers received, in gold, for freight and passengers carried in one year, 1872, more than seventy-five millions of dollars—far more than the sum of which we hear so much as being annually sent out of the country to pay the coin interest on that part of our national debt which is held abroad.

How shall we presume to say we are disposed to make an effort for the resumption of specie payments while we do not raise a hand towards closing up this great drain of our gold to Europe?

There are other leaks, there are other reforms of undeniable importance, but none that calls more loudly for practical consideration than this.

Some party, some statesmen —the statesmen of all parties— will grapple with this question.

I am well aware what great questions have pressed upon the minds of our public men during the ten years since the war, and how thoroughly the public mind has likewise been absorbed and diverted. No political party can be blamed, nor does any just censure attach to any of our statesmen, in or out of power, for the existing state of affairs; but the ten years are gone, and with them the last shadow of an excuse for a further continuance of what may be fairly regarded as a shameful national neglect, which I trust may no longer continue. Some party, or at least some active political agency, (I earnestly hope it may be the able and

patriotic statesmen of all parties,) will shortly take up the subject as being of immediate and pressing importance. Whoever does so cannot fail to inquire and discover the great fact which I have endeavored to set forth, of the vital connection of the postal service with the creation of a swift and efficient ocean steam marine, and will discern at a glance that the statesmen of Europe were wise in their generation when they made use of the one to induce a concentration of too timid or too sluggish capital for the development of the other. Such a statesman, in the present condition of the interests involved, would be at once confronted by a most plentiful lack of trustworthy information, as well as by an unmanageable mass of conflicting testimony as to the desires, purposes, and capacity of the merchants of different sections; but I think the sufficient remedy could be provided beforehand, and at the same time the proposed movement could be made to assume broad proportions and reach toward results which would otherwise be impossible of attainment.

What shall be done to furnish an American line of steamships to

The internal commercial system of the United States finds its seaboard outlets mainly at the following ports:

Boston. Boston, with the Boston and Albany and minor roads as its interior feeders.

New York. New York, with the Hudson, the Erie canal, the New York Central, Hudson river, Harlem, Erie, and other railways.

Philadelphia. Philadelphia, with the Pennsylvania Central and its huge net-work of connections, the Reading Railroad, &c.

Baltimore. Baltimore, with the Baltimore and Ohio Railroad and its connections, &c.

New Orleans. New Orleans, with the Mississippi river, and with an auxiliary railway connection which is yearly increasing in extent and efficiency.

To these five seaports the whole interior is united by the most tremendous system of lake and river, canal, and railway transportation on the globe; and the next ten years, if our facilities are rightly employed, may be made to bring, not only to the inhabitants of these and other seaports, but to the most distant dwellers of the Central and Pacific States, such an era of prosperity as, in their present depressed and suffering condition, they little dream of. They

have the means and the capacity for superabundant production; what they also need is the means of conveying those products to all the markets of the globe in such a manner that the very money they pay for such conveyance shall inevitably return and be spent among them. This would assure prosperity as positively as the reverse state of affairs inflicts upon them a burden of tribute which they cannot bear. Up to the present time, indeed, it has seemed as if the energy and skill of our producers, as well as of our railway builders, has almost contented itself with stopping both freight and transportation half way to market at the seashore termini of our great inland system; here we seem to give the matter up and resign to foreign hands the costly privilege of managing our ocean transits. We have other taxes which we must and will pay, but this one we cannot too soon repudiate.

First explore and see what capitalists will offer to do.

My suggestion is, therefore, that the Postmaster-General be authorized by resolution of Congress to advertise at once for proposals, in the usual form, of the lowest rates at which responsible parties will contract for the maintenance, for a term of years, of a weekly mail service from each or either of the five ports named to such a port or ports in Europe, as, for instance, Liverpool, England, as should seem to offer the greatest commercial advantages with reference to the American port; such service to be performed in ships of not less than 4000 tons, equal in speed and every other quality to any now afloat.

Let the P. M. G. advertise, and see at what lowest rate for the transportation of the U. S. mails for a term of years responsible parties will establish lines from those ports in large American ships; the rate to be gradually reduced after the lines are established.

The proposals thus obtained should provide that after the expiration of one-half the specified term of years, a graduated scale of decrease should reduce the annual outlay of the Government, eventually, to the postal revenue actually accruing from the mails transported.

Such a proposition would summon the leading merchants of each of the five ports to counsel among themselves, and the fruit of their consultations and investigations could not fail to include such a mass of practical and valuable information as was never before gathered, while the now scattered, unconsolidated and unapplied forces of our great mercantile communities would be aggregated and combined in such a manner that it would be prepared for subsequent action. At the same time, the Government would be in no

Capitalists and ship-builders would then consult and see what they could do, and make their offers, while the Government would be committed to nothing.

way committed to the acceptance of any or either of the propositions thus elicited.

The proposals and investigation and discussion thereon would in the end lead to the establishment of the steamship lines, the re-establishment of our mercantile marine, and the creation of a new navy, to the employment of labor, and the revival of our industries.

We may easily satisfy ourselves that if, in the course of events, the policy thus outlined should result in the establishment of the five lines of steamships proposed, the fleet of, say, twenty-five first-class vessels thus created would do more than supply a needed nucleus for our new merchant marine. It would constantly employ at least three thousand officers and seamen, of all grades, and give the nation, what it now has not, some small resources of practical seamanship in the handling of such vessels, from which to man our national ships in case of war. At the same time, the ships themselves in such an event would constitute an invaluable auxiliary to our limited and restricted navy.

To an absolute certainty we might also calculate that the aggregation of capital and enterprise thus begun would continue indefinitely, and the nucleus thus formed would be but the germ, so to speak, of a commercial marine worthy not only of the present, but of the future of this Republic.

As I am very anxious to press this whole subject on your most serious consideration, allow me in conclusion, sir, to say that the present depressed condition of business, the great suffering amongst the working classes, the amount of capital seeking investment, the cheapness of all material entering into the construction of a ship, now as low as before the war, all point to this as the most favorable time to make some effort to rebuild our commercial marine.

The plan I have ventured to suggest asks no help or favor from the Government, only that American labor and American capital be employed to do the work now done by that of foreigners; to this there should be no objection from any American citizen, in whatever section of our common country he may reside, and whether he be republican or democrat, protectionist or free-trader.

I have the honor to be, very respectfully yours,

JOHN ROACH.

Morgan Iron Works, New York,
March 1, 1876.

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